



**Questar Gas Company**

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**Barrie L. McKay**

Vice President Regulatory Affairs

November 15, 2013

Chairman Ron Allen  
Utah Public Service Commission  
Heber M. Wells Building, 4th Floor  
P. O. Box 146751  
Salt Lake City, UT 84114-6751

*Re: Replacement Infrastructure 2014 Annual Plan and Budget –  
Docket No. 13-057-18 (Redacted)*

Dear Ron:

In accordance with Section 2.07 of Questar Gas Company's Tariff (Tariff), Questar Gas Company (Questar Gas or Company) hereby provides the annual plan and budget describing the estimated costs and schedule for the Replacement Infrastructure for 2014. Questar Gas has budgeted to replace five feeder line segments during 2014 pertaining to the following Feeder Lines: Feeder Line 6, Feeder Line 18, Feeder Line 34, Feeder Line 36, and Feeder Line 21-50. In addition to 2014 replacement, the Company expects to spend about \$3 million on engineering studies and preparation related to replacement projects to begin after 2014. Exhibit 1, page 1, shows the anticipated cost in 2014 (Column B) for each of these projects. Page 2 is a summary taken from the Master List (The Master List has been developed in response to Division inquiry and direction in the current General Rate Case. It lists all high pressure pipe that is currently in Questar Gas' system by year of installation and by size). The summary shows the existing footages by size and year of installation that will be replaced in 2014. Pages 3 through 7 of Exhibit 1 show the route of each of the respective projects.

As set forth in Section 2.07 of the Tariff, Questar Gas considers a number of elements in determining which pipelines to replace. Confidential Exhibit 2 is a summary of the criteria the Company uses in scheduling pipeline replacements. Where possible, Questar Gas has made an effort to group projects in proximate geographic areas to minimize Company and contractor travel and mobilization/demobilization costs.

Exhibit 3 shows the projected time line for each of the major projects identified above. Feeder Lines 18, 34, 36, and 21-50 are scheduled to be completed in 2014. Feeder Line 6 will be partially completed in 2014.

Questar Gas notes that it expects to spend \$55 million on the projects identified above (Exhibit 1, Column B, Line 7), and has attached information related to applicable budget limitations

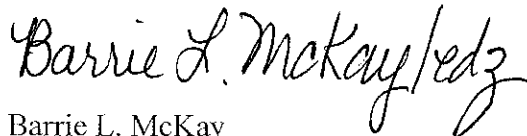
for your convenience and reference. It should also be noted that the Company has requested permission in Docket No. 13-057-05 to expand the current infrastructure replacement program to include Intermediate High Pressure (IHP) pipeline. Beginning in 2014, the Company plans to spend between \$5 million and \$10 million per year on IHP infrastructure. If approved, this would increase the expected 2014 spending amount included in the Replacement Infrastructure Tracker to \$65 million.

Paragraph 15 of the Settlement Stipulation in Docket No. 09-057-16 (approved by the June 3, 2010 Report and Order in the same docket) provides that the budget shall not exceed \$55 million (adjusted for inflation using the Global Insight Steel Index). Exhibit 4 is a copy of the Global Insight Steel Index for the 3<sup>rd</sup> quarters of 2012 and 2013. Adjusting the 2010 \$55 million budget cap by the 12% 2011 inflation rate, the 9.6% 2012 inflation rate, the -1.8% 2013 inflation rate, and the .8% 2014 inflation rate results in a \$66.8 million cap for 2014.

Confidential Exhibit 5 shows the infrastructure replacement schedule currently planned for high pressure pipe. The Company will update this annually based on the criteria identified in Confidential Exhibit 2. It is anticipated that the Company will continue to replace high pressure infrastructure at a rate of \$55 million per year.

Also, in accordance with the Settlement Stipulation and Report and Order in Docket No. 09-057-16 and with Section 2.07 of Questar Gas' Tariff, the Company will continue to submit quarterly reports with the Division of Public Utilities showing the progress and costs associated with these projects.

Sincerely,

A handwritten signature in black ink that reads "Barrie L. McKay". The signature is written in a cursive style with a large, stylized "B" and "M".

Barrie L. McKay  
Vice President  
State Regulatory Affairs

cc: Division of Public Utilities  
Office of Consumer Services